



NIPSCO'S Natural Gas Infrastructure Modernization Plan

Frequently Asked Questions

*Delivering Clean, Reliable and Affordable Energy
Supporting Indiana Jobs and Economic Growth
Helping Customers Manage Energy Use and Save Money*

Powering Life in Northern Indiana

1. What is NIPSCO's Infrastructure Modernization Plan?

Maintaining safety, reliability and access to low natural gas prices are central to NIPSCO's \$713 million plan to invest in its gas infrastructure through the end of the decade.

Our comprehensive, seven-year plan will provide a number of direct benefits to homes and businesses across northern Indiana. Planned projects will range from the elimination of remaining bare steel natural gas lines, to the installation of 80 miles of transmission lines and the construction of new service to customers in rural areas.

2. Why is NIPSCO making these improvements now? Ensuring a safe and modern natural gas system for the future is critical. NIPSCO's plan helps to minimize future risk by proactively addressing critical areas across its entire system before they become problematic.

3. What types of improvements will be made? With some investments expected in mid-2014, the bulk of project activity will increase in the following years. Plans will include new or replacement gas transmission and distribution projects for purposes of safety, reliability, system modernization, or economic development.

Example Natural Gas System Modernization Projects	Estimated Total Cost
Replace 80 miles of transmission pipeline, add automated valves	\$280 million
Eliminate bare steel gas mains, replace low pressure systems	\$61 million
Construct natural gas service to underserved areas	\$99 million
Retrofit lines for in-line inspection	\$46 million

4. How will customers and communities benefit from these investments? NIPSCO's plan will provide a number of direct benefits to customers and communities, including:

- Maintains the overall safety and integrity of NIPSCO's natural gas system
- Provides the ability to continue delivering low-cost natural gas options to customers
- Supports hundreds of direct and indirect jobs – including local trades – associated with these projects throughout the decade
- Investments of more than \$713 million through 2020 resulting in a direct local economic boost
- Includes consumer protections and external review/oversight to ensure the necessity of these investments
- Gradual and minimal bill impact over time

5. What's the process for determining a project? NIPSCO worked with EN Engineering to develop an overall strategy for this modernization plan.

Included in the plan is a model which reviews NIPSCO's natural gas system to assign specific risk scores. These risk scores were based on the likelihood of the system failing, based on certain pipe conditions and the impact to NIPSCO's customers and natural gas system if the equipment were to fail.

The risk scores also help NIPSCO to identify which equipment poses the highest risk to the system. Rather than just replacing assets based on a single factor like age or location, the model helps NIPSCO identify which equipment will add the greatest overall system and customer benefit if replaced.

- 6. How much will NIPSCO be investing?** Below is a breakdown of the \$713 million in gas investments NIPSCO is planning through 2020, which will be reviewed and approved semi-annually by the Indiana Utility Regulatory Commission prior to any dollars being spent or allocated.

Proposed Natural Gas Infrastructure Modernization Investments (Through 2020)						
2014	2015	2016	2017	2018	2019	2020
\$55.3	\$89.2	\$109.4	\$113.6	\$117.8	\$113.7	\$116.1
million	million	million	million	million	million	million

- 7. How will this affect customer bills?** One of the key focus areas of this plan is to make the necessary improvements while minimizing the impact on customer bills. It is important to not only maintain competitive rates for businesses, but it’s equally important to maintain affordable rates for our residential customers. Rather than making these investments at one time, NIPSCO is spreading out the work to help eliminate sudden spikes in customer bills.

Customers will experience minimal bill impacts, with little-to-no change in their bills for the first two years of the plan. Average bills are projected to see a gradual average increase of approximately 1.4% annually through 2020, with no change in 2014 and a 1% annual increase in 2015.

In addition to the other consumer protections in place, NIPSCO’s plan will receive regular oversight and review by the IURC and other external stakeholders.

- 8. How do NIPSCO natural rates compare with other utilities?** Indiana is fortunate to have some competitive natural gas rates compared to other states. For nearly two years, NIPSCO’s natural gas costs have been the lowest in Indiana (Source: IURC Natural Gas Residential Bill Survey).
- 9. Aren’t costs from investments already part of what customers pay today?** No. While existing rates do include some costs associated with the maintenance of NIPSCO’s system, it does not include costs associated with the types of investments and upgrades necessary to modernize its infrastructure.
- 10. Who is providing oversight for these projects? Are there protections for customers?** The process for reviewing and approving NIPSCO’s Infrastructure Modernization Plan includes both regulatory oversight from the Indiana Utility Regulatory Commission as well as customer-represented organizations like the Indiana Office of Utility Consumer Counselor and other external stakeholders.

There are caps in place to limit the amount that customer bills can increase and there are also consumer protections if NIPSCO spends more than their originally estimated amounts.

- 11. Are there benefits to NIPSCO?** Nearly all of the benefits are directly associated with the customers and communities NIPSCO serves. In addition to some of the benefits listed above, NIPSCO’s plan keeps costs low for customers because future work can be planned out and addressed in broader segments rather than being forced to make more costly replacement work in the future.

12. When will the projects begin? The plan and associated benefits must first be reviewed and approved by the Indiana Utility Regulatory Commission before investments can be made. Depending on these factors, it is possible that investments may begin in mid-2014.

13. Who will conduct the work? The Infrastructure Modernization Plan outlines a number of system improvement projects through the end of the decade, which will require support from a combination of internal NIPSCO workforce and external contracted resources to complete.

As we have done with our recent large-scale projects, we intend to utilize the current expertise of our internal employees whenever possible. And, when contracting external resources is necessary, we will look to hire Indiana-based represented workforce resources whenever possible.

We estimate this natural gas plan will support hundreds of direct and indirect jobs associated with the investments outlined through the end of the decade. Plans for determining the allocation of internal and external resources are being finalized.

14. How do customers sign up for new natural gas service? For residents and businesses that don't currently receive natural gas service, but are within NIPSCO's natural gas service territory, they can follow the existing process for requesting new service by calling 1-800-464-7726.

Requests for gas service in rural areas will be prioritized based on a number of factors, including payback periods, economic benefits and more. A NIPSCO representative will be able to walk customers through the process and their expectations.